

Special Joint Meeting – 9/22/05
Randolph County Board of Commissioners
Asheboro City Council

The Randolph County Board of Commissioners met in a special called joint meeting with the Asheboro City Council at 6:30 p.m. in the Training Room, County Office Building, 725 McDowell Road, Asheboro, NC to hold a public hearing to consider entering into an economic incentives contract with StarPet, Inc. Commissioners Holmes, Kemp, Frye, Davis, and Lanier were present. City Council members present were John McGlohon, David Smith, Talmadge Baker, Archie Priest, Linda Carter, Nancy Hunter and Mayor David Jarrell.

Chairman Holmes called the meeting to order for the County and welcomed those present.

Asheboro Mayor Jarrell called the meeting to order for the City and explained the purpose of the meeting and opened the public hearing on behalf of the City.

Chairman Holmes opened the public hearing on behalf of the County and called on Bonnie Renfro, Director of the Randolph County Economic Development Corporation, for comments.

Ms. Renfro said that StarPet first located its fiber grade polyester polymer operation in Asheboro in 1995 under the name Tolaram Polymers. The company invested over \$33 million to build a state-of-the art plant. In 1999 the company invested more than \$10 million on expansion to support a new plastics product line and became known as Tiepet. In 2003 the company was acquired by Indorama Polymers, an industrial group based in Thailand, to expand their global presence. The company name was changed to StarPet, Inc. and all employees were retained. The new ownership invested \$4.5 million in 2004 to expand production capacity of PET, a plastic resin product used in beverage packaging. Ten new jobs were created. The company today employs 55 workers with an annual aggregate payroll of \$2.5 million.

In order to meet rising customer demand, the company must expand again. Transportation and logistics are a significant cost factor for StarPet. StarPet plans to invest \$44 million for expansion that will result in the addition of 40 new jobs and the construction of 60,000 square feet of building space. A key to the expansion plans is increased rail track capacity since the company uses rail for delivery of raw materials, outbound shipment of finished product and interim storage. StarPet is the largest rail user in Randolph County and their current rail infrastructure is fully utilized for the existing operation. The company cannot expand at the Asheboro location without increased rail spur track capacity. StarPet has requested financial assistance with rail infrastructure to double their current rail track capacity. The estimated cost of the track construction is \$900,000. This will add 3.5 additional rail tracks totaling approximately 2200 feet.

The State of North Carolina is also considering assistance to StarPet with rail construction costs through a rail access grant from the N.C. Dept. of Transportation in the amount of \$124,000 and a grant from the One North Carolina Fund in the amount of \$75,000. Ms. Renfro proposes that the County and the City of Asheboro provide \$250,000 each as a performance-based economic incentives package. Based on current City and County tax rates and the company's planned investment of \$44,000,000 the City of Asheboro can expect approximately \$745,000 in new tax revenues from StarPet over the first 4 years of the project and the County can expect approximately \$714,000 over the first 4 years of the project.

Chairman Holmes opened the floor for comments from the public.

Kim Markham wanted assurance that the new jobs would be permanent and not temporary. His business is Asheboro Recycling and he stated that he does business with Starpet.

Greg Russell said that he was speaking on behalf of small business owners and encouraged local leaders to consider changing their economic incentive practices to include more assistance to small businesses.

Jerry Sykes said that he is against economic incentives, especially for existing industry.

Mayor Jarrell closed the public hearing on behalf of the City.

Chairman Holmes closed the public hearing on behalf of the County.

On motion of Frye, seconded by Lanier, the County Commissioners unanimously adopted a resolution of support to locate a manufacturing facility in Randolph County for the purposes of NCDOT's funding support for a rail industrial access track to serve StarPet, as follows:

WHEREAS, StarPet Inc. is considering locating a manufacturing facility at 801 Pineview Road, Asheboro, North Carolina; and

WHEREAS, StarPet proposes to invest \$44,000,000 and to employ at least 40 additional persons when the company is fully operational;

WHEREAS, StarPet's plans are consistent with local and use and state and local transportation plans.

WHEREAS, StarPet's plan conforms with all applicable state and local ordinances and policies.

WHEREAS, the County of Randolph is committed to work with the NCDOT in a leadership role to make transportation improvements that address the safety needs of the public, and contractors and employees of StarPet.

NOW THEREFORE, BE IT RESOLVED BY THE RANDOLPH COUNTY BOARD OF COMMISSIONERS THAT:

Section 1: The County of Randolph supports the location of StarPet Inc. in Randolph County and confirms that its plans are consistent with and conform with state and local laws, plans and policies.

Section 2: The County of Randolph endorses the application of StarPet to request financial support from the North Carolina Department of Transportation to assist in the funding of a rail industrial access track to serve StarPet.

Section 3: The County of Randolph commits to work with the NCDOT to make needed transportation improvements necessary to protect the safety of the public, and contractors and employees of StarPet Inc.

The Asheboro City Council adopted a similar resolution of support to locate a manufacturing facility in Randolph County for the purposes of NCDOT's funding support for a rail industrial access track to serve StarPet.

On motion of Frye, seconded by Davis, the County Commissioners voted unanimously to adopt a resolution to enter into an economic development incentives contract with StarPet, Inc., as follows:

WHEREAS, Section 158-7.1 of the North Carolina General Statutes authorizes a county to undertake an economic development project by extending assistance to a company in order to cause the company to locate or expand its operations within the county; and

WHEREAS, the Board of Commissioners of Randolph County has held a public hearing to consider whether to participate in an economic development project that will result in the County of Randolph (the "County"), the City of Asheboro (the "City"), and StarPet, Incorporated (the "Company") entering into an economic development incentives contract whereby the County and the City each contribute two hundred fifty thousand dollars (\$250,000.00) for a total payment of five hundred thousand dollars (\$500,000.00) to the Company

to offset the rail track construction costs of the expansion of the Company's existing facilities in the City of Asheboro, Randolph County, North Carolina; and

WHEREAS, upon the completion by the Company of this expansion project, the Company will have generated new value/investment in real and personal property associated with the project in an amount equal to or in excess of forty-four million dollars (\$44,000,000.00) and created a minimum of forty (40) new jobs in the County and City; and

WHEREAS, this economic development project will stimulate and stabilize the local economy, promote business in the County and City, and result in the creation of a significant number of jobs in the County and City; and

WHEREAS, the County has in its General Fund available revenues sufficient to fund this economic development project;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Randolph County, this 22nd day of September, 2005, as follows:

Section 1. The County is authorized to expend up to two hundred fifty thousand dollars (\$250,000.00) of County funds for the StarPet economic development project.

Section 2. In addition to the standard terms found in contracts that the County routinely executes in the ordinary course of business, the economic development incentives contract entered into by and between the County, the City, and the Company must contain the following essential terms and conditions:

- a. The total payment made to the "Company" under this contract shall not exceed five hundred thousand dollars (\$500,000.00).
- b. Fifty-percent of the contract amount will be paid by the County, and the other fifty-percent of the contract amount will be paid by the City.
- c. The contract amount will be paid in two (2) installments at a frequency not to exceed one installment per fiscal year (July 1-June 30) and tied to the completion by the Company of certain performance requirements, including but not limited to, the following:
 - i. The Company must properly obtain from the City a Certificate of Occupancy or letter/certificate of compliance, as appropriate, certifying that the 60,000 square foot expansion may be occupied or used for Factory-Industrial Occupancy in accordance with the provisions of zoning, building, and other applicable ordinances and laws of the City of Asheboro and the State of North Carolina, and the Company must deliver to the County and the City a written certification that the actual new value/investment in real and personal property of the project equals or exceeds the sum of forty-four million dollars (\$44,000,000.00); and
 - ii. The Company must deliver to the County and the City Employment Security Reports evidencing the creation of forty (40) new full-time jobs with certification of an average weekly wage equal to or exceeding seven hundred seventy-five dollars (\$775.00) per week.
- d. The contract must provide the County and the City with a means of recouping a portion of the contract amount if the Company's facility, as expanded, does not remain in full operation, maintaining the newly created jobs referenced above, for a period of two (2) years immediately following the date on which the final installment of the contract amount is paid to the Company.
- e. If the Company does not remain in full operation during this two (2) year period, a portion of the incentive money must be returned. The amount to be returned shall decrease on a pro-rated amount for each year that the company remains in the City and County. Any amounts returned by the company in this manner shall be divided equally between the County and the City.

Section 3. The County Manager is hereby authorized to execute on behalf of the County of Randolph a contract drafted in accordance with Section 2 of this resolution and any other documents necessary for the implementation of this economic development project.

The City of Asheboro adopted a similar resolution to enter into an economic incentives contract with StarPet, Inc.

On behalf of the City Council, Mayor Jarrell adjourned the meeting.

At 6:55 p.m., on behalf of the County Commissioners, Chairman Holmes adjourned the meeting.

J. Harold Holmes, Chairman

Darrell L. Frye

Phil Kemp

Robert B. Davis

Arnold Lanier

Cheryl Ivey, Deputy Clerk to the Board